
MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2019

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT
AUDITORS' REVIEW REPORT
AS AT AND FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2019**

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الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.



International
Accountants
المحاسبون الدوليون

An Independent Member of IIA International

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF MALATH CO-OPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Malath Co-operative Insurance Company (A Saudi Joint Stock Company) (the "Company") as of 31 March 2019 and the related interim statements of income, comprehensive income, changes in equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other selected explanatory notes from 1 to 17.

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority ('SAMA') for the accounting for zakat and income tax.

Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for the accounting for zakat and income tax.

Dr. Mohamed Al Amri & Co.

P. O. Box 8736
Riyadh 11492
Kingdom of Saudi Arabia

Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



INTERNATIONAL ACCOUNTANTS

P. O. Box 18025
Riyadh 11415
Kingdom of Saudi Arabia

Abdulrahman S. S. Al Mudaiheem
Certified Public Accountant
Registration No. 77



7 Ramadan 1440 H
12 May 2019 G

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

		31 March 2019 (Unaudited)	31 December 2018 (Audited)
	Notes	(SR '000)	
ASSETS			
Cash and cash equivalents	4	250,378	114,143
Short term Murabaha deposits	5	528,000	678,349
Premiums and reinsurers' receivables – net	6	398,638	172,366
Reinsurers' share of unearned premiums	7 (ii)	43,452	19,190
Reinsurers' share of outstanding claims	7 (i)	65,675	67,855
Reinsurers' share of claims incurred but not reported	7 (i)	17,878	17,878
Deferred policy acquisition costs		43,955	21,058
Deferred excess of loss premiums		3,975	1,088
Available for sale investments	8	36,630	35,621
Prepaid expenses and other assets		20,932	21,640
Property and equipment		3,508	3,834
Statutory deposit	9	75,000	75,000
Accrued income on statutory deposit		6,188	5,505
TOTAL ASSETS		1,494,209	1,233,527



Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes 1 to 17 form an integral part of this interim condensed financial information.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

		31 March 2019 (Unaudited)	31 December 2018 (Audited)
	Notes	(SR '000)	
<u>LIABILITIES</u>			
Policyholders claims payable		61,596	54,313
Accrued expenses and other liabilities		111,944	93,469
Reinsurers' balances payable		40,060	5,266
Unearned premiums	7 (ii)	462,947	267,020
Unearned reinsurance commission		10,035	4,469
Outstanding claims	7 (i)	40,661	35,039
Claims incurred but not reported	7 (i)	213,142	236,506
Additional premium reserves	7 (i)	15,612	15,612
Other technical reserves	7 (i)	12,697	12,697
Due to related parties	10	8,056	165
End-of-service indemnities		14,350	13,852
Accumulated surplus		10,076	9,657
Zakat provision	11	33,165	29,866
Accrued commission income payable to SAMA		6,188	5,505
TOTAL LIABILITIES		1,040,529	783,436
<u>SHAREHOLDERS EQUITY</u>			
Share capital	12	500,000	500,000
Statutory reserve		2,131	2,131
Accumulated losses		(44,205)	(47,478)
Unrealized gain on available for sale investment		85	(231)
Re-measurement loss on defined benefit liability		(4,331)	(4,331)
TOTAL EQUITY		453,680	450,091
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,494,209	1,233,527
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Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes 1 to 17 form an integral part of this interim condensed financial information.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Three month period ended	
	31 March 2019	31 March 2018
	Unaudited (SAR '000)	
REVENUES		
Gross written premiums	380,295	372,440
Reinsurance premiums ceded – International	(37,921)	(25,883)
Reinsurance premiums ceded – Local	(2,555)	(1,235)
Excess of loss expenses	(5,311)	(9,991)
Net premiums written	334,508	335,331
Changes in unearned premiums, net	(171,665)	(182,935)
Net premiums earned	162,843	152,396
Reinsurance commissions earned	3,194	3,047
Other underwriting income	1,710	2,425
TOTAL REVENUES	167,747	157,868
UNDERWRITING COSTS AND EXPENSES		
Gross claims paid	148,395	168,882
Reinsurers' share of claims paid	(6,635)	(34,321)
Net claims paid	141,760	134,561
Changes in outstanding claims, net	7,802	(48,243)
Changes in IBNR, net	(23,365)	3,986
Net claims incurred	126,197	90,304
Policy acquisition costs	14,749	16,389
TOTAL UNDERWRITING COSTS AND EXPENSES	140,946	106,693
NET UNDERWRITING INCOME	26,801	51,175



Chief Financial Officer



Chief Executive Officer



Director

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Three month period ended	
	31 March 2019	31 March 2018
Notes	Unaudited (SAR '000)	
NET UNDERWRITING INCOME	26,801	51,175
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>		
Reversal of / (provision for) doubtful debts	2,111	(13,000)
Salaries and staff related costs	(16,583)	(19,470)
Other general and administrative expenses	(11,580)	(11,706)
Investment income	6,243	3,926
TOTAL OTHER OPERATING EXPENSES	(19,809)	(40,250)
NET INCOME FOR THE PERIOD	6,992	10,925
Total income attributable to insurance operations	(419)	(904)
Total income attributable to the shareholders	6,573	10,021
Basic and diluted earnings per share (Riyal Saudi)	0.13	0.20
Weighted average number of ordinary shares outstanding - (in thousands)	50,000	50,000


 Chief Financial Officer


 Chief Executive Officer


 Director

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Three month period ended	
	31 March 2019	31 March 2018
	Unaudited (SAR '000)	
Net income for the period	6,992	10,925
Other comprehensive income		
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>		
- Re-measurement gain on available for sale investments	316	142
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,308	11,067
Total comprehensive income attributable to insurance operations	(419)	(904)
Total comprehensive income attributable to shareholders	6,889	10,163



Chief Financial Officer



Chief Executive Officer



Director

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Share capital	Statutory Reserve	Accumulated losses	Fair value reserve for available for sale investments	Re-measurement loss on defined benefit liability	Total
	(SR '000)					
(Unaudited)						
Balance at 1 January 2019	500,000	2,131	(47,478)	(231)	(4,331)	450,091
Net income for the period	-	-	6,573	-	-	6,573
Provision for zakat for current period	-	-	(3,300)	-	-	(3,300)
Change in fair value reserve for available for sale investments	-	-	-	316	-	316
Balance at 31 March 2019	500,000	2,131	(44,205)	85	(4,331)	453,680
(Unaudited)						
Balance at 1 January 2018	500,000	2,131	(50,108)	-	(1,557)	450,466
Net income for the period	-	-	10,021	-	-	10,021
Provision for zakat for the period	-	-	(2,250)	-	-	(2,250)
Change in fair value reserve for available for sale investments	-	-	-	142	-	142
Balance at 31 March 2018	500,000	2,131	(42,337)	142	(1,557)	458,379


 Chief Financial Officer



 Chief Executive Officer


 Director

The accompanying notes 1 to 17 form an integral part of this interim condensed financial information.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASHFLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Three month period ended	
	31 March 2019	31 March 2018
	Unaudited (SAR '000)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income for the period	6,992	10,925
Adjustments for non-cash items:		
Depreciation	460	550
Reversal of impairment loss on available for sale investments	(693)	-
End-of-service indemnities provision	741	1,581
(Reversal of) / provision for doubtful receivables	(2,111)	13,000
	5,389	26,056
<u>Changes in operating assets and liabilities:</u>		
Premiums and reinsurers' receivable	(224,161)	(239,211)
Reinsurers' share of unearned premiums	(24,262)	(13,020)
Reinsurers' share of outstanding claims and IBNR, net	2,180	(17,163)
Deferred policy acquisition costs	(22,897)	(16,500)
Deferred excess of loss premiums	(2,887)	(3,677)
Prepaid expenses and other assets	708	(3,159)
Policyholders claims payable	7,283	5,826
Accrued expenses and other liabilities	18,475	25,535
Reinsurers' balances payable	34,794	12,137
Unearned premiums	195,927	195,955
Unearned reinsurance commission	5,566	2,201
Outstanding claims	5,622	8,115
Claims incurred but not reported	(23,364)	(35,209)
Due to related parties	7,891	19,971
End-of-service indemnities paid	(243)	(352)
Zakat paid	(1)	-
Net cash used in operating activities	(13,980)	(32,495)


 Chief Financial Officer


 Chief Executive Officer


 Director

The accompanying notes 1 to 17 form an integral part of this interim condensed financial information.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASHFLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

	Three month period ended	
	31 March 2019	31 March 2018
	Unaudited (SAR '000)	
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Short-term Murabaha deposits, net	150,349	(460,000)
Additions in property and equipment	(134)	(89)
Net cash generated from / (used in) investing activities	150,215	(460,089)
Net change in cash and cash equivalents	136,235	(492,584)
Cash and cash equivalents, beginning of the period	114,143	698,750
Cash and cash equivalents, end of the period	250,378	206,166
<u>NON-CASH INFORMATION</u>		
Change in fair value of available for sale investments	316	142
Investment return on statutory deposit	683	326



Chief Financial Officer



Chief Executive Officer



Director

The accompanying notes 1 to 17 form an integral part of this interim condensed financial information.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

GENERAL

Malath Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787. The Company's head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia.

The objectives of the Company are to engage in providing insurance and related services in accordance with its by-laws and the applicable regulations in the Kingdom of Saudi Arabia.

1. BASIS OF PREPARATION

(a) Basis of preparation

The interim condensed financial information of the Company ("Company") has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through equity under retained earnings.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short term Murabaha deposits, premiums and reinsurers' receivables - net, reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, deferred policy acquisition cost, deferred excess of loss premiums, prepaid expenses and other assets, policyholders claims payable, accrued expenses and other liabilities, reinsurers' balances payable, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported, additional premium reserves, other technical reserves, due to related parties, accumulated surplus and zakat provision. The following balances would generally be classified as non-current: available for sale investments, property and equipment, statutory deposit, accrued income on statutory deposit, accrued commission income payable to SAMA and end-of-service indemnities.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the financial information accordingly assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined by the management and is approved by the Board of Directors.

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 25 to 31 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations.

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

BASIS OF PREPARATION *(Continued)*

In accordance with the Saudi Arabian Insurance Regulations, the Company is required to distribute 10% of the net annual surplus from the insurance operations to the policyholders and remaining 90% of the surplus is transferred to the shareholders' operations. Any deficiency arising on insurance operations is transferred to the shareholders' operations in full.

The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2018.

The interim condensed financial information is presented in Saudi Riyals (SR), being the functional currency of the Company. All financial information presented has been rounded off to the nearest thousand.

(b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statements as at and for the year ended 31 December 2018.

(c) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed financial information is consistent with those used in the preparation of the annual financial statements as of and for the year ended 31 December, 2018, except for the adoption of new standards, amendments and revisions to existing standards mentioned below, which are applicable for the annual periods beginning on or after 1 January 2019 and had no significant financial impact on this interim condensed financial information of the Company:

New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

New and amended standards issued and adopted

- The Company adopted IFRS 16 using the modified retrospective approach. The Company elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company elected to use the exemptions proposed by the standard regarding lease contracts for which the lease term ends within 12 months of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has performed an assessment of IFRS 16 and determined the difference as compared to IAS 17 and IFRIC 4 is not material to the Company's interim condensed financial information as a whole.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective

The following are the new standards and amendments to standards that are effective for annual periods beginning after 31 December 2019. Where earlier application is permitted the Company has not early adopted them in preparing this interim condensed financial information.

(a) IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurement requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2021. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's condensed interim financial information will, to a large extent, depends on the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

(b) IFRS 17 - Insurance contracts

In May 2017, the IASB issued IFRS 17 – Insurance Contracts, which is effective for annual periods beginning on or after 1 January 2021. The standard introduces a new measurement model for insurance contracts. Early adoption is permitted if IFRS 9 and 15 have been applied as on the application date for this standard.

The Company has not yet undertaken an assessment to determine potential impacts on the amounts reported and disclosures to be made under the applicable new standards or amendments to existing standards.

(c) Other Amendments

The following amendments to standards are not yet effective and none are expected to have a significant impact on the Company's Condensed Interim Financial Information:

- Business Combinations (Amendments to IFRS 3)
- Joint Arrangements (Amendments to IFRS 11)
- Income Taxes (Amendments to IAS 12)
- Borrowing Costs (Amendments to IAS 23)
- Uncertainty over Income Tax Treatments (Amendments to IFRIC 23)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

4. CASH AND CASH EQUIVALENTS

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Insurance operations		
Cash in hand	15	-
Cash at bank	2,033	16,352
Short term Murabaha deposits having original maturity of less than three months	50,000	50,000
	52,048	66,352
Shareholders' operations		
Cash at bank	198,330	47,791
Total cash and cash equivalents	250,378	114,143

The above short term Murabaha deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Company. These Murabaha deposits are subject to an average commission rate of 2.39% per annum as at 31 March 2019 (31 December 2018: 2.48% per annum).

The carrying amounts disclosed above are not materially different from their fair values at the date of the statement of financial position.

5. SHORT TERM MURABAHA DEPOSITS

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Insurance operations		
Short term Murabaha deposits	365,000	365,349
Shareholders' operations		
Short term Murabaha deposits	163,000	313,000
Total short term Murabaha deposits	528,000	678,349

The above short term Murabaha deposits have an original maturity period of more than three months from the date of placement. These deposits are subject to an average commission rate of 3.57% per annum as at 31 March 2019 (31 December 2018: 3.07% per annum).

The carrying amounts disclosed above are not materially different from their fair values at the date of the statement of financial position.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

6. PREMIUMS AND REINSURERS' RECEIVABLES, NET

Receivable from insurance operations comprise net amounts due from the following parties:

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Policyholders	408,153	200,786
Reinsurers	4,550	299
Insurance companies	14,790	3,113
Agents and brokers	3,483	2,617
Receivables, gross	430,976	206,815
Provision for doubtful receivables – insurance	(32,084)	(34,380)
Provision for doubtful receivables – reinsurance	(254)	(69)
Total provision for doubtful receivables	(32,338)	(34,449)
Premiums and reinsurers' receivables – net	398,638	172,366
Opening balance	34,449	40,000
Provision charge for the year	-	11,532
Reversal of provision for doubtful debts	(2,111)	-
Fully provided receivables written off	-	(17,083)
	32,338	34,449

7. TECHNICAL RESERVES

(i) Net outstanding claims and reserves

Net outstanding claims and reserves comprise the following:

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Outstanding claims	68,285	60,548
Less: Realizable value of salvage and subrogation	(27,624)	(25,509)
Outstanding claims	40,661	35,039
Claims incurred but not reported	213,142	236,506
Additional premium reserves	15,612	15,612
Other technical reserves	12,697	12,697
	282,112	299,854
Reinsurers' share of outstanding claims	(65,675)	(67,855)
Reinsurers' share of claims incurred but not reported	(17,878)	(17,878)
	(83,553)	(85,733)
Net outstanding claims and reserves	198,559	214,121

As at March 31, 2019, the gross value of salvage and subrogation is amounting SAR 120.29 million (December 31, 2018: SAR 117.70 million).

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

(ii) Movement in unearned premiums

Movement in unearned premiums comprises the following:

	Period ended 31 March 2019		
	(Unaudited)		
	Gross	Reinsurance	Net
	(SR '000)		
Balance as at the beginning of the period	267,020	(19,190)	247,830
Premiums written during the period	380,295	(45,787)	334,508
Premiums earned during the period	(184,368)	21,525	(162,843)
Balance as at the end of the period	462,947	(43,452)	419,495

	Year ended 31 December 2018		
	(Audited)		
	Gross	Reinsurance	Net
	(SR '000)		
Balance as at the beginning of the year	216,401	(16,071)	200,330
Premiums written during the year	729,076	(90,226)	638,850
Premiums earned during the year	(678,457)	87,107	(591,350)
Balance as at the end of the year	267,020	(19,190)	247,830

8. AVAILABLE FOR SALE INVESTMENTS

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Insurance operations		
Unquoted		
NCB Capital- Real Estate Development Fund	3,207	3,322
Shareholders' operations		
Unquoted		
TASNEE Sukuk (Maturing May 2019)	10,000	10,000
NCB Capital- Real Estate Development Fund	6,415	6,645
SEDCO Capital - Real Estate Income Fund 2	15,085	13,731
Najm Company for Insurance Services - Shares	1,923	1,923
	33,423	32,299
Total available for sale investments	36,630	35,621

The fair values of the unquoted mutual funds computed above are based on the latest reported net assets as at the reporting date. Further, the unquoted sukuk are carried at an amount which as per the management is the best estimate of the exit price i.e. fair value. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises.

AVAILABLE FOR SALE INVESTMENTS (Continued)

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a) Movement in the investment balance is as follows:

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Insurance operations		
Opening balance	3,322	4,600
Impairment loss on investment	(115)	(1,278)
Closing balance	3,207	3,322
Shareholders' operations		
Opening balance	32,299	35,085
Reversal / (impairment loss) on investments	808	(2,555)
Re-measurement gain/(loss)	316	(231)
Closing balance	33,423	32,299

b) Determination of fair value and fair value hierarchy of available for sale investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the financial statements.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The table below presents the financial instruments at their fair values as at 31 March 2019 and 31 December 2018 based on the fair value hierarchy.

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AVAILABLE FOR SALE INVESTMENTS (Continued)

	Level 1	Level 2	Total
	(SR '000)		
31 March 2019 (Unaudited)			
Insurance operations			
<u>Available for sale financial assets</u>			
Mutual Fund	-	3,207	3,207
Shareholders' operations			
<u>Available for sale financial assets</u>			
Equity securities	-	1,923	1,923
Mutual Funds	-	21,500	21,500
Sukuk	-	10,000	10,000
		33,423	33,423
	Level 1	Level 2	Total
	(SR '000)		
31 December 2018 (Audited)			
Insurance operations			
<u>Available for sale financial assets</u>			
Mutual Fund	-	3,322	3,322
Shareholders' operations			
<u>Available for sale financial assets</u>			
Equity securities	-	1,923	1,923
Mutual Funds	-	20,376	20,376
Sukuk	-	10,000	10,000
	-	32,299	32,299

The fair values of all other financial assets and liabilities which are carried at cost, are not significantly different from the carrying values included in this financial information, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and on account of the short duration of the assets and liabilities.

There were no transfers between the levels of fair value hierarchies during the year.

Level 2 valuation technique:

Level 2 investments comprise investment in private equity funds and debt instruments. The fair value of private equity funds computed is based on the funds latest reported net asset value as at the date of statement of financial position. Further, the debt instruments are carried at an amount, which as per the management is the best estimate of the exit price i.e. fair value. The carrying values as at 31 March 2019 and 31 December 2018 approximate their fair value.

MALATH COOPERATIVE INSURANCE COMPANY
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9. STATUTORY DEPOSIT

In compliance with Article 58 of the Implementing Regulations issued by the Saudi Arabian Monetary Authority (SAMA), the Company has deposited 15 percent (31 December 2018: 15 percent) of its share capital, amounting to SR 75 million (31 December 2018: 75 million), in a bank designated by SAMA. The statutory deposit is maintained with a reputed local bank and can be withdrawn only with the consent of SAMA. The Company is not entitled to receive the investment return on this deposit. This investment return is shown as a separate line item in the Statement of Financial Position.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are mutually agreed and are approved by the Company's management.

The transactions with related parties and the related amounts are as follows:

	31 March 2019 (Unaudited)	31 March 2018 (Unaudited)
	(SR '000)	
Gross premiums written to companies related to the members of Board of Directors (BOD)	159,253	216,571
Gross premiums received from BOD members	-	1
Gross claims paid to companies related to BOD members	15,079	20,588
Gross claims paid to BOD members	-	-
Board of Directors' and committees meeting fees	69	99

Balances due from / (to) related parties comprise the following:

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Premiums receivable from companies related to BOD members	161,414	10,826
Net reinsurance balance payable to a reinsurance brokerage firm related to a BOD member	138	151
Commission payable to brokerage firms owned by BOD Member	-	14
Claims payable to companies owned by BOD members	7,918	-

11. ZAKAT

Status of Assessment

The Company had filed the Zakat return for the years 2016 & 2017 and received a temporary Zakat certificate. No assessments have been received from GAZT till date in respect of these years.

Status of Appeals

Zakat years 2007 to 2010: The Company had filed an appeal against the final assessment of GAZT and submitted a letter of guarantee to GAZT for zakat and withholding income tax amounting to SR 31.81 million, which is included in the contingent liabilities note (13). During the year 2017, the primary appeal committee issued a report in which certain arguments of the Company were rejected. The Company appealed against this report in Higher Appeal Committee dated 18/10/1438 H, which is pending for decision.

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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ZAKAT (Continued)

Zakat years 2011 to 2015: The Company has also filed an appeal to primary appeal committee against the final assessment of Zakat issued by GAZT amounting to SR 8 million which is pending for decision.

12. SHARE CAPITAL

As at 31 March 2019 and 31 December 2018, the issued and paid up share capital of the Company amounts to SR 500 million, divided into 50 million ordinary shares of SR 10 each.

13. COMMITMENTS AND CONTINGENCIES

- a) The Company's contingent liabilities are as follows:

	31 March 2019 (Unaudited)	31 December 2018 (Audited)
	(SR '000)	
Letters of guarantee	44,406	44,512

- b) There were no outstanding commitments as at 31 March 2019 and 31 December 2018.

14. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share has been calculated by dividing the income attributable to the shareholders for the period by the weighted average number of issued and outstanding ordinary shares.

	31 March 2019 (Unaudited) In thousands	2018
Weighted average number of shares	50,000	50,000

Diluted earnings per share is the same as basic earnings per share as the Company has not issued any instrument, which would have impact on profit per share when exercised.

15. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process; operating segments have been approved by management in respect of the Company's activities, assets and liabilities. The Chief Operating Decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is identified as the Chief Executive Officer that makes strategic decisions, information disclosed in this note is based on current reporting to the Chief Executive Officer.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2018.

Segment results do not include commission on short-term Murabaha deposits. Segment assets do not include insurance operations' cash and cash equivalents, short-term Murabaha deposits, available for sale investments, receivables, prepaid expenses and other assets and property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include reinsurers' balances payable, policyholders claims payable, accrued expenses and other liabilities, accumulated surplus and due to related parties. Accordingly, they are included in unallocated liabilities.

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SEGMENTAL INFORMATION (Continued)

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premiums and reinsurers' receivable and depreciation on the property and equipment) are not reported to Chief Executive Officer under related segments and are monitored on a centralized basis.

For the three month period ended 31 March 2019 (Unaudited)

Operating segments	Medical	Motor	Property and casualties	Protection and saving	Total
Gross written premiums					
-Individuals	-	11,555	-	-	11,555
-Very Small Enterprises	383	1,029	90	-	1,502
-Small Enterprises	7,365	1,463	538	-	9,366
-Medium Enterprises	15,749	2,356	7,554	-	25,659
-Corporates	81,425	212,900	37,888	-	332,213
	104,922	229,303	46,070	-	380,295
Reinsurance premiums ceded – Local	-	-	(2,555)	-	(2,555)
Reinsurance premiums ceded – International	-	-	(37,921)	-	(37,921)
Excess of loss expenses	(2,583)	(2,162)	(566)	-	(5,311)
Net premiums written	102,339	227,141	5,028	-	334,508
Changes in unearned premiums, net	(45,003)	(124,024)	(2,638)	-	(171,665)
Net premiums earned	57,336	103,117	2,390	-	162,843
Reinsurance commission earned	-	-	3,194	-	3,194
Other underwriting income	38	1,665	7	-	1,710
TOTAL REVENUES	57,374	104,782	5,591	-	167,747
UNDERWRITING COST AND EXPENSES					
Gross claims paid	45,843	100,757	1,795	-	148,395
Reinsurers' share of claims paid	(2,134)	(3,086)	(1,415)	-	(6,635)
Net claims paid	43,709	97,671	380	-	141,760
Changes in outstanding claims, net	5,205	2,545	52	-	7,802
Changes in IBNR, net	-	(23,365)	-	-	(23,365)
Net claims incurred	48,914	76,851	432	-	126,197
Policy acquisition costs	3,453	9,202	2,094	-	14,749
TOTAL UNDERWRITING COSTS	52,367	86,053	2,526	-	140,946
NET UNDERWRITING INCOME	5,007	18,729	3,065	-	26,801
Reversal of allowance for doubtful debts					2,111
Salaries and staff related costs					(16,583)
Other general and administrative expenses					(11,580)
Investment income					6,243
TOTAL INCOME FROM OPERATIONS					6,992

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SEGMENTAL INFORMATION (Continued)

For the three months period ended 31 March 2018 (Unaudited)

Operating segments	Medical	Motor	Property and casualties	Protection and saving	Total
Gross written premiums					
-Individuals	-	13,817	-	-	13,817
-Very Small Enterprises	359	1,229	212	-	1,800
-Small Enterprises	4,072	1,749	382	-	6,203
-Medium Enterprises	10,986	2,817	5,859	-	19,662
-Corporates	48,580	254,566	27,812	-	330,958
	63,997	274,178	34,265	-	372,440
Reinsurance premiums ceded - Local	-	-	(1,235)	-	(1,235)
Reinsurance premiums ceded – International	-	-	(25,883)	-	(25,883)
Excess of loss expenses	(6,056)	(3,415)	(520)	-	(9,991)
Net written premiums	57,941	270,763	6,627	-	335,331
Changes in unearned premiums, net	(30,896)	(147,873)	(4,166)	-	(182,935)
Net earned premiums	27,045	122,890	2,461	-	152,396
Reinsurance commission earned	-	-	3,047	-	3,047
Other underwriting income	341	1,718	366	-	2,425
<u>TOTAL REVENUES</u>	27,386	124,608	5,874	-	157,868
UNDERWRITING COST AND EXPENSES					
Gross claims paid	16,980	116,667	35,235	-	168,882
Reinsurers' share of claims paid	(1,738)	-	(32,583)	-	(34,321)
Net claims paid	15,242	116,667	2,652	-	134,561
Changes in outstanding claims, net	6,756	(53,691)	(1,308)	-	(48,243)
Changes in IBNR, net	2,310	(1,522)	3,198	-	3,986
Net claims incurred	24,308	61,454	4,542	-	90,304
Policy acquisition costs	2,629	12,171	1,589	-	16,389
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	26,937	73,625	6,131	-	106,693
NET UNDERWRITING INCOME/ (LOSS)	449	50,983	(257)	-	51,175
Allowance for doubtful debts					(13,000)
Salaries and staff related costs					(19,470)
Other general and administrative expenses					(11,706)
Investment income					3,926
<u>TOTAL INCOME FROM OPERATIONS</u>					10,925

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SEGMENTAL INFORMATION (Continued)

As at 31 March 2019 (Unaudited)

Operating segments	Medical	Motor	Property and casualties	Protection and saving	Total
Assets					
Reinsurers' share of unearned premiums	-	-	43,452	-	43,452
Reinsurers' share of outstanding claims	-	16,708	48,967	-	65,675
Reinsurers' share of claims incurred but not reported	-	-	17,878	-	17,878
Deferred policy acquisition costs	7,800	30,503	5,652	-	43,955
Deferred excess of loss premiums	249	3,726	-	-	3,975
Unallocated assets					1,319,274
Total assets					1,494,209
Liabilities					
Unearned premiums	137,550	275,700	49,697	-	462,947
Unearned reinsurance commission	-	-	10,035	-	10,035
Outstanding claims	27,231	(40,422)	53,852	-	40,661
Claims incurred but not reported	11,740	182,487	18,915	-	213,142
Additional premium reserves	7,107	7,699	806	-	15,612
Other technical reserves	844	11,425	428	-	12,697
Unallocated liabilities					285,435
Total liabilities					1,040,529

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SEGMENTAL INFORMATION (Continued)

As at 31 December 2018 (Audited)

Operating segments	Medical	Motor	Property and casualties	Protection and saving	Total
Assets					
Reinsurers' share of unearned premiums	-	-	19,190	-	19,190
Reinsurers' share of outstanding claims	-	19,065	48,790	-	67,855
Reinsurers' share of claims incurred but not reported	-	-	17,878	-	17,878
Deferred policy acquisition costs	5,704	12,889	2,465	-	21,058
Deferred excess of loss premiums	91	997	-	-	1,088
Unallocated assets					<u>1,106,458</u>
Total assets					<u>1,233,527</u>
Liabilities					
Unearned premiums	92,547	151,676	22,797	-	267,020
Unearned reinsurance commission	-	-	4,469	-	4,469
Outstanding claims	22,026	(40,610)	53,623	-	35,039
Claims incurred but not reported	11,740	205,851	18,915	-	236,506
Additional premium reserves	7,107	7,699	806	-	15,612
Other technical reserves	844	11,425	428	-	12,697
Unallocated liabilities					<u>212,093</u>
Total liabilities					<u>783,436</u>

MALATH COOPERATIVE INSURANCE COMPANY
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16. SUPPLEMENTARY INFORMATION

Statement of Financial Position

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	(SR '000)					
ASSETS						
Cash and cash equivalents	52,048	198,330	250,378	66,352	47,791	114,143
Short term Murabaha deposits	365,000	163,000	528,000	365,349	313,000	678,349
Premiums and reinsurers' receivables – net	398,638	-	398,638	172,366	-	172,366
Reinsurers' share of unearned premiums	43,452	-	43,452	19,190	-	19,190
Reinsurers' share of outstanding claims	65,675	-	65,675	67,855	-	67,855
Reinsurers' share of claims Incurred but not reported	17,878	-	17,878	17,878	-	17,878
Deferred policy acquisition costs	43,955	-	43,955	21,058	-	21,058
Deferred excess of loss premiums	3,975	-	3,975	1,088	-	1,088
Available for sale investments	3,207	33,423	36,630	3,322	32,299	35,621
Prepaid expenses and other assets	18,947	1,985	20,932	17,108	4,532	21,640
Property and equipment	3,508	-	3,508	3,834	-	3,834
Statutory deposit	-	75,000	75,000	-	75,000	75,000
Accrued income on statutory deposit	-	6,188	6,188	-	5,505	5,505
	1,016,283	477,926	1,494,209	755,400	478,127	1,233,527
Due from insurance operations	-	19,976	19,976	-	12,202	12,202
TOTAL ASSETS	1,016,283	497,902	1,514,185	755,400	490,329	1,245,729

MALATH COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION (Continued)

Statement of Financial Position (continued)

	31 March 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	(SR '000)					
LIABILITIES						
Policyholders claims payable	61,596	-	61,596	54,313	-	54,313
Accrued expenses and other liabilities	111,406	538	111,944	92,933	536	93,469
Reinsurers' balances payable	40,060	-	40,060	5,266	-	5,266
Unearned premiums	462,947	-	462,947	267,020	-	267,020
Unearned reinsurance commission	10,035	-	10,035	4,469	-	4,469
Outstanding claims	40,661	-	40,661	35,039	-	35,039
Claims incurred but not reported	213,142	-	213,142	236,506	-	236,506
Additional premium reserves	15,612	-	15,612	15,612	-	15,612
Other technical reserves	12,697	-	12,697	12,697	-	12,697
Due to related parties	8,056	-	8,056	165	-	165
End-of-service indemnities	14,350	-	14,350	13,852	-	13,852
Accumulated surplus	10,076	-	10,076	9,657	-	9,657
Zakat provision	-	33,165	33,165	-	29,866	29,866
Accrued commission income payable to SAMA	-	6,188	6,188	-	5,505	5,505
	1,000,638	39,891	1,040,529	747,529	35,907	783,436
Due to shareholders' operations	19,976	-	19,976	12,202	-	12,202
TOTAL LIABILITIES	1,020,614	39,891	1,060,505	759,731	35,907	795,638
SHAREHOLDERS' EQUITY						
Share capital	-	500,000	500,000	-	500,000	500,000
Statutory reserve	-	2,131	2,131	-	2,131	2,131
Accumulated losses	-	(44,205)	(44,205)	-	(47,478)	(47,478)
Unrealized gain/(loss) on available for sale investments	-	85	85	-	(231)	(231)
Re-measurement losses on defined benefit liability	(4,331)	-	(4,331)	(4,331)	-	(4,331)
TOTAL EQUITY	(4,331)	458,011	453,680	(4,331)	454,422	450,091
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,016,283	497,902	1,514,185	755,400	490,329	1,245,729

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION (Continued)

Interim Condensed Statement of Income

	For the three month period ended 31 March 2019 (Unaudited)			For the three month period ended 31 March 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000					
REVENUES						
Gross written premiums	380,295	-	380,295	372,440	-	372,440
Reinsurance premiums ceded- local	(2,555)	-	(2,555)	(1,235)	-	(1,235)
Reinsurance premiums ceded- International	(37,921)	-	(37,921)	(25,883)	-	(25,883)
Excess of loss expenses	(5,311)	-	(5,311)	(9,991)	-	(9,991)
Net premiums written	334,508	-	334,508	335,331	-	335,331
Changes in unearned premiums, net	(171,665)	-	(171,665)	(182,935)	-	(182,935)
Net premiums earned	162,843	-	162,843	152,396	-	152,396
Reinsurance commissions	3,194	-	3,194	3,047	-	3,047
Other underwriting income	1,710	-	1,710	2,425	-	2,425
TOTAL REVENUES	167,747	-	167,747	157,868	-	157,868
	-	-	-	-	-	-
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	148,395	-	148,395	168,882	-	168,882
Reinsurers' share of claims paid	(6,635)	-	(6,635)	(34,321)	-	(34,321)
Net claims paid	141,760	-	141,760	134,561	-	134,561
Changes in outstanding claims, net	7,802	-	7,802	(48,243)	-	(48,243)
Changes in IBNR, net	(23,365)	-	(23,365)	3,986	-	3,986
Net claims incurred	126,197	-	126,197	90,304	-	90,304
Policy acquisition costs	14,749	-	14,749	16,389	-	16,389
TOTAL UNDERWRITING COSTS AND EXPENSES	140,946	-	140,946	106,693	-	106,693
NET UNDERWRITING INCOME	26,801	-	26,801	51,175	-	51,175

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION (Continued)

Interim Condensed Statement of Income- (Continued)

For the three month period ended 31 March 2019 (Unaudited)			For the three month period ended 31 March 2018 (Unaudited)		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
SR '000					

**OTHER OPERATING
(EXPENSES)/ INCOME**

Reversal of / (allowance for) doubtful debts	2,111	-	2,111	(13,000)	-	(13,000)
Salaries and staff related costs	(16,583)	-	(16,583)	(19,470)	-	(19,470)
Other general and administrative expenses	(11,392)	(188)	(11,580)	(11,412)	(294)	(11,706)
Investment income	3,255	2,988	6,243	1,745	2,181	3,926

**TOTAL OTHER
OPERATING (EXPENSES)/
INCOME**

(22,609)	2,800	(19,809)	(42,137)	1,887	(40,250)
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Total income from operations	4,192	2,800	6,992	9,038	1,887	10,925
Shareholders' appropriations	(3,773)	3,773	-	(8,134)	8,134	-
Total income attributable to insurance operations	(419)	-	(419)	(904)	-	(904)

**Total income attributable to
Shareholders' operations**

-	6,573	6,573	-	10,021	10,021
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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION (Continued)

Interim Condensed Statement of Comprehensive income

	For the three month period ended 31 March 2019 (Unaudited)			For the three month period ended 31 March 2018 (Unaudited)		
	Insurance operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' operations	Total
	SR '000					
Net income for the period	4,192	2,800	6,992	9,038	1,887	10,925
Other comprehensive income/(loss)						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
- Re-measurement gain on available for sale investments	-	316	316	-	142	142
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Re-measurement loss on defined benefit liability	-	-	-	-	-	-
<u>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</u>	4,192	3,116	7,308	9,038	2,029	11,067
Appropriation to shareholders	(3,773)	3,773	-	(8,134)	8,134	-
Total comprehensive income attributable to insurance operations	(419)	-	(419)	(904)	-	(904)
<u>Total comprehensive income attributable to shareholders</u>	-	6,889	6,889	-	10,163	10,163

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION (Continued)

Interim Condensed Statement of Cash flows

	For the three month period ended 31 March 2019 (Unaudited)			For the three month period ended 31 March 2018 (Unaudited)		
	Insurance Operations	Shareholders' operations	Total	Insurance Operations	Shareholders' operations	Total
	SR '000					
Net income for the period	419	6,573	6,992	904	10,021	10,925
Adjustments for non-cash items:						
Depreciation	460	-	460	550	-	550
Impairment loss/(reversal of impairment loss) on available for sale investments	115	(808)	(693)	-	-	-
End-of-service indemnities provision	741	-	741	1,581	-	1,581
(Reversal of) / provision for doubtful receivables	(2,111)	-	(2,111)	13,000	-	13,000
	(376)	5,765	5,389	16,035	10,021	26,056
Premiums and reinsurers' receivable	(224,161)	-	(224,161)	(239,211)	-	(239,211)
Reinsurers' share of unearned premiums	(24,262)	-	(24,262)	(13,020)	-	(13,020)
Reinsurers' share of outstanding claims and IBNR, net	2,180	-	2,180	(17,163)	-	(17,163)
Deferred policy acquisition costs	(22,897)	-	(22,897)	(16,500)	-	(16,500)
Deferred excess of loss premiums	(2,887)	-	(2,887)	(3,677)	-	(3,677)
Prepaid expenses and other assets	(1,839)	2,547	708	(1,014)	(2,145)	(3,159)
Policyholders' claims payable	7,283	-	7,283	5,826	-	5,826
Accrued expenses and other liabilities	18,473	2	18,475	25,535	-	25,535
Reinsurers' balances payable	34,794	-	34,794	12,137	-	12,137
Unearned premiums	195,927	-	195,927	195,955	-	195,955
Unearned reinsurance commission	5,566	-	5,566	2,201	-	2,201
Gross outstanding claims	5,622	-	5,622	(34,431)	-	(34,431)
Claims incurred but not reported	(23,364)	-	(23,364)	7,337	-	7,337
Due to related parties	7,891	-	7,891	19,971	-	19,971

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION (Continued)

Interim Condensed Statement of Cash flows- (Continued)

	For the three month period ended 31 March 2019 (Unaudited)			For the three month period ended 31 March 2018 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000					
Due from insurance operations	-	(7,774)	(7,774)	-	(27,956)	(27,956)
Due to shareholders' operations	7,774	-	7,774	27,956	-	27,956
End-of-service indemnities paid	(243)	-	(243)	(352)	-	(352)
Zakat paid	-	(1)	(1)	-	-	-
Net cash used in operating activities	(14,519)	539	(13,980)	(12,415)	(20,080)	(32,495)
Cash flows from investing activities						
Short-term Murabaha deposits, net	349	150,000	150,349	(310,000)	(150,000)	(460,000)
Additions in property and equipment	(134)	-	(134)	(89)	-	(89)
Net cash used in investing activities	215	150,000	150,215	(310,089)	(150,000)	(460,089)
Net change in cash and cash equivalents	(14,304)	150,539	136,235	(322,504)	(170,080)	(492,584)
Cash and cash equivalents, beginning of the year	66,352	47,791	114,143	477,898	220,852	698,750
Cash and cash equivalents, end of the year	52,048	198,330	250,378	155,394	50,772	206,166
NON CASH INFORMATION:						
Change in fair value of available for sale investments	-	316	316	-	142	142
Investment return on statutory deposit	-	683	683	-	326	326

17. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information has been approved by the board of directors on 25 Sha'ban 1440 H (corresponding to 30 April 2019 G).